
State Renewable Energy News

A Compilation of Renewable Electric Activities in the States

Prepared for the NARUC Subcommittee on Renewable Energy

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State Activities

Arizona

Restructuring Settlement Excludes RPS

By a 2-1 vote, the ACC approved a settlement agreement with Arizona Public Service Co. (APS) that creates a framework for the phase-in of electric competition. Beginning October 1, 20% of the utility's load was to be made available to competition, with all customers eligible by January 1, 2001. The agreement provides for a 7.5% reduction in residential rates over a five-year period and a 5% reduction in rates for large users over four years. APS also agreed to provide a shopping credit ranging from 4.5¢/kWh for residential customers to 3.0¢/kWh for large industrial customers.

The settlement agreement does not include a solar portfolio standard, which had been a component of the ACC's original restructuring rulemaking (**SREN**, Winter 1997). Instead, a portfolio standard requirement is being considered separately with possible modification to, among other things, broaden its scope to include other "environmentally friendly renewable electricity technologies."

ACC Contact:

Ray Williamson, (602) 542-0828

California

Pace of Customer Switching Accelerates

The summer months proved to be hot for green power sales in California. July and August were both record-setting months for the number of customers switched to alternative power providers. According to the CPUC, nearly 16,000 residential customers were switched to new suppliers in August, up from a record 12,300 in July. Another 14,400 customers were switched in September.

These figures represent roughly a three-fold increase over switch rates earlier this year. In total, about 1.8% of eligible California customers have switched providers and 13.3% of all eligible load is now being served by alternative suppliers.

The Center for Resource Solutions, which manages the "Green-e" renewable energy certification program, estimates that the vast majority of those switching are receiving green power.

Green-e Contact:

Meredith Wingate, (415) 561-2100

CEC May Adjust Customer Credits

The California Energy Commission (CEC) is considering reducing the level of the state credit available for customer purchases of renewable energy. Since the California market was opened to competition in April 1998, customers have been eligible for an administratively determined credit of 1.5¢/kWh for power purchases from qualifying renewable resources. But rapid growth in the number of customers receiving green power is causing a strain on the available funds—more than 100,000 customers are now being supplied with green power compared to 55,000 at the end of last year.

In light of this growth, the CEC is considering an adjustment to the level of the credit to ensure that there are sufficient funds to last until 2002, when the credits are scheduled to expire. The CEC is recommending that the credit be reduced to 1.25¢/kWh and that the \$1,000 annual cap for large customers be retained.

CEC Contact:

Heather Raitt, (916) 654-4735

Delaware

PSC Defines Green Power

The PSC issued electric supplier certification rules that, among other things, address green power marketing claims and environmental disclosure. The PSC defines “green power” as power containing at least 50% renewable energy generated from solar, wind, biomass (agricultural wastes and landfill gas), geothermal, or hydro resources, with no size limit imposed on qualifying hydro facilities. The rules also require green power suppliers to accurately display the product fuel mix in marketing and advertising materials. All electric suppliers are required to disclose their product fuel mix to customers on a quarterly basis. Retail competition for all customers will be phased in by April 2001.

PSC Contact:

Rick Latourette (302) 739-3227

Iowa

Court Rejects Net Billing Rule

In the latest challenge to the state’s net billing rule, an Iowa District Court ruled that federal law preempts the requirement that utilities enter into net billing arrangements that allow customers with generating facilities to send electricity back to the utility. The ruling rests on the court’s assessment that “single meter net billing arrangements reflect (the) discrete purchases and sales of electricity” and that these sales to utilities occur at retail rates in direct conflict with the federal Public Utility Regulatory Policies Act (PURPA), which requires utilities to purchase power from qualifying facilities at a rate not to exceed their avoided cost. In this latest case, brought by MidAmerican Energy Company, the Court concluded that “the scope of PURPA is broad enough to preempt state rules directly or indirectly requiring a utility to purchase energy from a QF (qualifying facility) at a rate in excess of the utility’s avoided cost rate.”

The Court also found that, in the case of non-QF facilities, the net metering rule violates federal laws governing the interstate sale of electricity. Under the Federal Power Act, the Federal Energy Regulatory Commission (FERC) establishes rates for wholesale electricity sales by public utilities in interstate commerce. The Court found that net billing

requires utilities to purchase power that becomes commingled with other energy that is sold in interstate commerce, and thus violates FERC jurisdiction over the setting of wholesale rates. The IUB and the Office of Consumer Advocate are appealing the decision.

MidAmerican has also petitioned FERC to rule on the legality of Iowa’s net billing law (***SREN***, Fall 1998). The IUB, as well as other state commissions, has taken the position that net billing “relates to a utility’s metering and billing practices (which) fall squarely within state regulatory jurisdiction over retail practices of electric utilities and are not preempted by FERC rulings or other federal law.” The outcome of the FERC case will have important implications for net metering programs nationwide—30 states now have net metering rules or laws in place.

IUB Contact:

Bill Smith, (515) 281-6496

New Jersey

Restructuring Rules Issued

The BPU issued a proposed draft interim rule for implementing the renewable portfolio standard (RPS) called for in the state’s electricity restructuring legislation (***SREN***, Winter 1999). The law defines two classes of eligible renewable energy technologies to meet the RPS: Class I renewables, which include wind, solar, fuel cells, ocean energy, landfill methane and biomass, if the biomass is “cultivated and harvested in a sustainable manner,” and Class II renewables, which include hydro and waste-to-energy facilities that meet the “highest environmental standards.” The RPS begins at 2.5% in 2000 and increases gradually to 6.5% by 2012. The initial 2.5% requirement can be met by Class I or Class II renewables, however, all subsequent additions must be met with Class I renewables.

The draft rule addresses reporting requirements, certification, record keeping, and penalties for noncompliance. The proposed rule is an interim rule that will last for 18 months, after which time the BPU will issue a more comprehensive rule. One issue still to be addressed is whether a renewables credit trading system should be developed.

The BPU also issued a final rule on information disclosure that requires retail suppliers to disclose fuel mix, air emissions (expressed in lbs/MWh), and the supplier's support of energy efficiency (expressed in kWh saved per year). Suppliers must provide a disclosure label to customers twice each year—in April and October—and are also required to provide this information to prospective new customers.

A draft net metering rule for wind and photovoltaic (PV) systems has also been issued, which would require all electric power suppliers and basic generation (default) service providers to make net metering available to qualifying customers. Excess electricity generated would be credited to the next billing period for up to one year at which time the customer-generator would be compensated at the avoided wholesale cost of energy. Net metering would cease to be offered whenever the total rated capacity of eligible systems equals 0.1% of the state's peak electricity demand or the annual aggregate financial impact exceeds two million dollars.

BPU Contact:

Linda Nowicki, (609) 777-3314

New Mexico

New Net Metering Rule Adopted

The PRC issued a rule requiring the state's regulated utilities to offer net metering to customers with cogeneration and small power production facilities of 10 kW or less in size. Excess electricity generated during a billing period must be credited to the customer by either carrying the excess forward to the next billing period or by paying the customer for the net energy supplied at the utility's energy rate, where the energy rate is defined as "the average of the economy energy purchases by the utility for the corresponding month of the immediately preceding twelve-month period." The rule also requires utilities to use a standard interconnection agreement for eligible systems. There is no statewide cap on the number of systems eligible for net metering.

PRC Contact:

Terry Rodriguez, (505) 827-6954

New York

SBC Funds In-State Wind Projects

With competition coming to New York's electric industry, two companies have announced plans to develop wind projects to serve the green power market. The first project, to be built in Madison County, will be approximately 8 MW in size and could be generating power as early as March 2000. A second project, in western New York, will be 5 MW to 9 MW in size and is expected to be completed by June 2000. Both project developers plan to sell the wind power output into the competitive market.

The wind projects will receive partial funding from the statewide system benefits charge that was established in June 1998 (**SREN**, Summer 1998). The New York State Energy Research and Development Authority (NYSERDA) is currently negotiating to provide support to a third in-state wind project. Additional state funding is available through NYSERDA for PV installations and bioresource development.

NYSERDA Contact:

Jennifer Harvey, (518) 862-1090, x3264

Oregon

New Power Plants Reduce CO₂ Emissions

Two new power plants are being built under the state's new power plant siting law that requires power plant developers to prove they will offset a part of a proposed facility's carbon dioxide (CO₂) emissions. The law calls for a net CO₂ reduction from power plant operations of at least 17%. CO₂ reductions can be achieved by contributing to energy conservation efforts, developing renewable energy projects, planting trees, and utilizing power plant waste heat. The CO₂ standard replaces the former needs test to gain siting approval for new power plants in the state (**SREN**, Summer 1997).

The two plants are being built in Hermiston and Klamath Falls. The Klamath Falls plant, a joint development of PacifiCorp Power Marketing and the City of Klamath Falls, is a 500-MW natural gas-fired cogeneration facility. About 30% of the CO₂ produced will be offset through \$5.4 million invested in tree planting, methane recovery, geothermal expansion, solar electrification, and the Oregon Climate Trust, a

non-profit organization set up to contract for projects that reduce CO₂ emissions. The plant will also provide steam to a nearby lumber company, which will reduce the amount of fossil fuel the lumber company will need to burn in-house.

The Hermiston project, a collaboration of Ida-West Energy Co. and TransCanada PipeLines Ltd., is a 536-MW natural gas combined-cycle plant. The plant's CO₂ emissions will be offset through high plant efficiency and \$3.6 million in payments to the Oregon Climate Trust. Steam will also be supplied to a nearby potato processing plant.

Terry Edvalson, Chair of the Oregon Energy Facility Siting Council noted that the projects are "a clear demonstration that power plants can offset significant amounts of their carbon dioxide emissions in a competitive market. Oregon has shown that being a leader on climate change issues doesn't have to impose undue economic burdens on industry."

Office of Energy Contact:
Steve Sautter, (503) 378-8278

Texas

PUC Issues Draft RPS Rule

The PUC is seeking public comment on a draft rule that would implement the RPS provision of the state's electricity restructuring law passed earlier this year (**SREN**, Summer 1999). The law requires all for-profit retail sellers of electricity to obtain 3% of their power supplies from renewable resources by 2009. The rule is expected to add 2,000 MW of new renewable generating capacity to the state's power mix.

The draft rule calls for an energy-based RPS and would set up a renewable credit trading system, to be administered by an independent entity. However, several issues remain to be resolved, including determination of a non-compliance penalty, whether to allow credit banking, and how to treat existing hydropower capacity owned by public utilities if they decide to opt in to the competitive market. The PUC is expected to issue a final rule by the end of the year.

PUC Contact:
Gillan Taddune, (512) 936-7223

Wisconsin

Legislature Adopts Renewables Policies

The Wisconsin legislature passed a new electric reliability bill that, in addition to overhauling the state's transmission system, creates a renewable portfolio standard and a state-administered public benefits fund for low-income assistance, energy efficiency, renewable energy, and environmental research.

The RPS provision requires 0.5% of retail energy sales to come from renewable resources in 2001, increasing to 2.2% in 2011. According to the Union of Concerned Scientists (UCS), the RPS is expected to triple the state's non-hydro renewable capacity by adding about 400 MW of new renewables. Utilities can also meet the requirement by contracting for renewable power from out-of-state sources.

UCS Contact:
Ben Paulos, (608) 241-9351

Other Activities

Federal Net Metering Bill Introduced

Congressman Jay Inslee (D-WA) introduced H.R. 2947, the "Home Energy Generation Act," which, if enacted, would allow customers with qualifying systems to "net meter" excess electricity generated during a billing period. The excess electricity could be credited against the next billing cycle for a period of up to one year.

Qualifying systems include fuel cells and solar, wind, and biomass systems of 100 kilowatts or less in size with the generation unit intended primarily to offset part or all of the customer-generator's electricity requirements. The bill includes a cap on total system net metering of 2% of LDC peak demand and 1% for any single type of qualified system. Retail electricity suppliers would be prohibited from imposing additional fees on net metering customers. The bill would also require FERC to publish model interconnection standards within one year of enactment.

Rep. Inslee's Office:
(202) 225-6311

More Information Via the Internet:

ACC Renewable Portfolio Standard Developments:
<http://www.cc.state.az.us/utility/electric/renewabl.htm>

CPUC Tables of Direct Access Service Requests:
http://www.cpuc.ca.gov/divisions/energy/Direct_Access/DASR.htm

Green-e website:
<http://www.green-e.org/>

California Energy Commission Renewable Energy website:
<http://www.energy.ca.gov/renewables/index.html>

Delaware PSC Rules for Certification and Regulation of Electric Suppliers
(See Docket 49 - Final Rules):
<http://www.state.de.us/delpsc/major/erestructuring.html#49>

New Mexico Net Metering Rule:
<http://www.eren.doe.gov/greenpower/netmetering/nmnm.html>

New Jersey BPU Rules on RPS, information disclosure, and net metering:
<http://www.bpu.state.nj.us/wwwroot/energy/energy.htm>

NYSERDA Program Opportunity Notice Page:
<http://www.nyserda.org/rddopps.html>

Oregon Energy Facility Siting Law (House Bill 3283):
gopher://gopher.leg.state.or.us:70/00/measure97.dir/House_Measures/hb3200.dir/hb3283g.en

Texas Renewable Energy Mandate—Draft Rule:
www.puc.state.tx.us/rules/rulemake/20944/20944.cfm

Information on the Wisconsin Reliability 2000 Legislation:
<http://www.customersfirst.org/>

H.R. 2947—Home Energy Generation Act:
<http://thomas.loc.gov/cgi-bin/query/z?c106:H.R.2947>

This newsletter is prepared for the NARUC Subcommittee on Renewable Energy to promote information sharing on state-level renewable electric activities. It is sponsored by the Office of Power Technologies of the U.S. Department of Energy.

Comments can be directed to Blair Swezey at (303) 384-7455 or Blair_Swezey@nrel.gov. The newsletter is also available via the Internet at: <http://www.nrel.gov/analysis/ema/projects/sren/>.

The Subcommittee Chairman is the Honorable Roger Hamilton, Commissioner, Oregon Public Utility Commission.

